

## ECON 480/680 INDUSTRIAL ORGANIZATION (IO)

3 credits

Spring 2012

Barry Hall 358

Tuesdays and Thursdays (11:30 am – 12:45 pm)

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<b>Office Hours:</b>	1 – 2:30 pm on Tuesdays and Thursdays, or by appointment.
<b>Course Description:</b>	Structural analysis of American industry in terms of the markets for business enterprise. Analysis of antitrust policy and its application to large corporations.
<b>Course Objectives:</b>	<ol style="list-style-type: none"><li>(1) To study firms' strategic behavior under imperfect market competition, and market outcomes and economic welfare resulting from firms' strategic practices.</li><li>(2) To demonstrate how industrial organization theory can be applied to real-world problems and issues in antitrust policy.</li></ol>
<b>Prerequisites:</b>	ECON 341 or BUSN 451/487
<b>Required Textbook:</b>	Dennis W. Carlton, Jeffrey M. Perloff, <i>Modern Industrial Organization</i> , 4/e.
<b>Required Additional Readings:</b>	<ul style="list-style-type: none"><li>• Lecture notes and articles on Blackboard.</li><li>• Handouts and articles distributed in class.</li></ul>
<b>Blackboard:</b>	<b>Lecture notes and assigned readings</b> will be posted on Blackboard. I will provide lecture notes and additional readings for each chapter. The lecture notes consist of some brief outlines and are incomplete. Print and bring them to class. Students are responsible to check for any announcements or course materials distributed via Blackboard.
<b>Academic Honesty:</b>	<p>The academic community is operated on the basis of honesty, integrity, and fair play. <b>NDSU Policy 335: Code of Academic Responsibility and Conduct</b> applies to cases in which cheating, plagiarism, or other academic misconduct have occurred in an instructional context. Students found guilty of academic misconduct are subject to penalties, up to and possibly including suspension and/or expulsion. Student academic misconduct records are maintained by the <b>Office of Registration and Records</b>. Informational resources about academic honesty for students and instructional staff members can be found at <a href="http://www.ndsu.edu/academichonesty">www.ndsu.edu/academichonesty</a>.</p> <p>All work in this course must be completed in a manner consistent with NDSU Policy Manual, <a href="#">Section 335: Code of Academic Responsibility and Conduct</a>.</p> <p>All students taking any course in the College of Agriculture, Food Systems, and Natural Resources are under the Honor System (<a href="http://www.ag.ndsu.edu/academics/honor.htm">http://www.ag.ndsu.edu/academics/honor.htm</a>). Strict compliance to the College's academic honesty and integrity policies will be adhered to throughout this course.</p>
<b>Teaching Methods:</b>	Lectures and a lot of activities in class.

- Attendance Policy:** Student participation is an important component of this course. You are advised to come to every class since absences have always been found to have a negative impact on course performance. Besides lectures and group work, unannounced quizzes will be given over the course of the semester.
- Unannounced Quizzes:** Quizzes, which account for 8% of your final grade, will be given on a **surprise** basis over the course of the semester. You will be permitted to use your textbook or notes, and to work with others to answer the quiz questions. Quizzes may be given at any time during the class period. No make-up quizzes will be given under any circumstances. If you missed a quiz, regardless of the reason, you would get a grade of zero for that quiz. Three (3) lowest quiz grades will be dropped from your final grade calculation.
- Group Project:** You will be assigned into groups for case studies. All students will work with group members on this project. Each group will make a 20-minute in-class presentation. Your analysis should clearly demonstrate your knowledge of Industrial Organization. You will be graded on a case study report, group presentation and participation in other groups' presentations on the days you are not presenting.

The term project will consist of 3 components:

**1. Case Study Report (45%). Due Date: May 3, 2012.**

Paper Guideline:

- i. Must be typed, double-spaced, and have one-inch margin on each side. Use Times New Romans, 12-point font.
  - ii. Must be 5 – 7 pages long in text (excluding tables, diagrams and bibliography).
  - iii. Bibliography formatted in MLA style. See examples at <http://www.aresearchguide.com/12biblio.html>
  - iv. The report must be clear, well-structured, focused and have quality details.
  - v. **The report must clearly demonstrate correct applications of industrial organization analysis.**
- 2. 20 minute in-class presentation (30%). Dates: April 24 – May 1, 2012**
- Contents: focus on subject, sound economic reasoning and credible evidence/sources
  - Organization and preparation
  - Quality of presentation and research
- 3. Participation (25%). Dates: April 24 – May 1, 2012**
- Discussions/questions/answers
  - Attendance will be taken

**Term Paper:**

**Graduate students** in this class will be required to conduct a research study and submit a term paper on any IO topic of your choice. This is a 100-point assignment, and it accounts for 8 percent of your grade.

**Paper Format**

- The paper should be typed, double-spaced and at least 8 pages long (excluding tables, figures and references). Use Times New Romans, 12-point font.
- References should be listed at the end of the paper alphabetically. Use MLA style

(<http://www.aresearchguide.com/12biblio.html>).

- Topics must be course-related.

### Deadlines

- Draft due: April 19, 2012 (Thursday). No draft will be accepted after the deadline.
- Final version due: May 3, 2012 (Thursday). No paper will be accepted after the deadline.

<b>Exam Dates:</b>	<b><u>Examination</u></b>	<b><u>Date</u></b>	<b><u>Time</u></b>
	Exam I	February 2, 2012 (Thursday)	Class period
	Exam II	March 8, 2012 (Thursday)	Class period
	Exam III	April 5, 2012 (Thursday)	Class period
	<b>Final Exam</b>	<b>May 7, 2012 (Monday)</b>	<b>1 – 3 pm</b>

### Exam Policy:

1. You are strongly advised that you are responsible for maintaining the highest standards of honesty and integrity in every phase of your academic careers. **All exam work must be your own.** You will **not** be allowed to work with other students nor will you be allowed to use notes or books during exams. *Students who cooperate on oral or written examinations or work without authorization share the responsibility for violation of academic principles and the students are subject to disciplinary action even when one of the students is not enrolled in the course where the violation occurred* (NDSU Policy Manual Section 335). Please be reminded that the penalties for academic dishonesty are **severe**.
2. Exam questions will consist of short answers/problems and essays.
3. **You must take the midterm exams at the scheduled time. In fairness to all students, no make-up exams will be given.**
4. Each exam is worth 100 points, there will be three (3) midterm exams, but only the two (2) highest exam grades will be used when calculating your final grades. The lowest of the three grades will be dropped. If you miss an exam, **regardless of the reason**, that will be the exam that is dropped.
5. If you miss more than one (1) exam, the first missed exam will be dropped from final grade calculation (as described above), and the weight of the other missed exam(s) will be applied to your final.
6. The final exam is comprehensive and worth 100 points.
7. **You must take the final exam at the scheduled time. Students who miss the final exam will receive a grade of zero, period.** Students who are late for the final exam will not receive extra time and will be expected to turn in the exam as scheduled. If you know now that you have a time conflict with the scheduled final exam, you should drop the course. **However, there are two and only two exceptions, and proper documentations are required:**
  - You have four (4) or more final exams on the same (calendar) day and this course is the highest numbered one. Please notify the instructor no later than 2 weeks before the last class day to schedule a make-up final exam to be administered at a mutually acceptable time.
  - A make-up final exam may be given if you experience **extreme** circumstances such as a serious illness, injury or family emergency.
8. **Bring a calculator to every exam.**

**Grades:**

Grades will be computed on the basis of surprise quizzes (as described above), a group project (case study), best two of three midterm exams, and a comprehensive final exam. In addition, graduate students will be required to submit a term paper. All exams and assignments are worth 100 points apiece.

The grade components are weighted as follows:

Grade Components	Undergraduate	Graduate
	Weight (%)	Weight (%)
Group project (case study)	17	17
Surprise quizzes	8	8
Best 2 of 3 midterm exams*	50	45
Comprehensive final exam	25	22
Term paper	-	8
Total (%)	100	100

**Grading Scale:**

90% or above	A
80 – less than 90%	B
70 – less than 80%	C
60 – less than 70%	D
Less than 60%	F

**Other Class Policies:**

1. It is very important that you keep up in this class. If you feel that you are falling behind or having trouble, please see the instructor as soon as possible. Also, please feel free to meet with the instructor to discuss any aspects of the course.
2. You are responsible for all announcements, assigned readings and materials delivered in class or via Blackboard.
3. This syllabus provides a general plan for the course; deviations announced by me may be necessary.
4. Students' enrollment in the course indicates their understanding of and agreement with the course syllabus.

**Special Needs:**

Any students with disabilities who need special accommodations in this course are encouraged to speak with the instructor as soon as possible to make appropriate arrangement for those accommodations.

Veterans and student soldiers with special circumstances or who are activated are encouraged to notify the instructor in advance.

**Course Outline:**

<u>Dates</u>	<u>Topics</u>
1/10	Chapter 1 Overview
1/12	Chapter 2 The Firm and Costs

1/17, 1/19	Chapter 3 Competition
1/24, 1/26, 1/31	Chapter 4 Monopolies, Monopsonies and Dominant Firms
<b>2/2 (Thursday)*</b>	<b>Exam I (Topics: Chapters 1 – 4)</b>
2/7	Chapter 5 Cartels
2/9, 2/14, 2/16	Chapter 6 Oligopoly
2/21, 2/23, 2/28	Chapter 7 Product Differentiation and Monopolistic Competition
3/1, 3/6	Chapter 8 Industry Structure and Performance
<b>3/8 (Thursday)*</b>	<b>Exam II (Topics: Chapters 5 – 8)</b>
3/12 – 3/16	Spring Break
3/20, 3/22, 3/27	Chapter 9 Price Discrimination
3/29, 4/3	Chapter 10 Advanced Topics in Pricing
<b>4/5 (Thursday)*</b>	<b>Exam III (Topics: Chapters 9 &amp;10)</b>
4/10	Chapter 11 Strategic Behavior
4/12, 4/17	Chapter 12 Vertical Integration and Vertical Restrictions
4/19	Chapter 15 Using Noncompetitive Market Models Chapter 19 Antitrust Laws and Policy
4/24 – 5/1	IO case studies and group presentations
5/3	Wrap-Up Graduate term paper due IO case study report due
<b>5/7 (Monday)</b>	<b>Comprehensive Final Exam (1 – 3 pm)</b>

**\* The exam dates are fixed and cannot be changed.** If the university is closed on the day of an exam in the event of inclement weather, the exam will be given the following class period.